

Washington State Tax Structure Study

Committee Meeting Minutes January 11, 2002

Committee members present: John Beck
Lisa Brown
Neil Bruce
Jack Cairnes
Dick Conway
Bill Gates, Sr.
Jim McIntire
Debbe Sanders
Hugh Spitzer
Gary Strannigan

Committee member absent: Lily Kahng

Welcome, Approval of Minutes

Bill Gates, Sr. welcomed the Committee members. He introduced Senator Lisa Brown who was appointed by the Senate to replace Senator Dow Constantine on the Tax Structure Committee.

The minutes of the December 14, 2001, meeting were approved as submitted by the staff.

Bill discussed the need to have longer meetings due to the workload. The Committee agreed to meet from 10:30 a.m. to 2:30 p.m. beginning in February.

Reference Materials

Will Rice reviewed the meeting handouts. In addition to the handouts, Committee members were given copies of Pricing Growth from 1000 Friends of Washington, Guiding Principles of a Fair and Effective Tax System from the Washington Policy Center, and Look to the Land from Common Ground-USA.

Competitiveness Council

Greg Pierce, a member of the Governor's Competitiveness Council, gave an overview of the work done by the Competitiveness Council. He then presented Recommendation 3 from the Competitiveness Council Report which listed attributes of our tax system that the Tax Structure Study Committee should examine in order to promote competitiveness. These attributes include modernization, equity, certainty, flexibility, and volatility. Some of the Competitiveness Council members also want the Tax Structure Study to examine the regressivity of current tax structure.

Technical Subcommittee

Neil Bruce, Kriss Sjoblom and Lorrie Brown of the Technical Subcommittee continued the discussion of questions relating to tax principles which was begun at the December 14, 2001,

meeting. For each of the tax principles, the Subcommittee listed questions about what the principles mean and what the Technical Subcommittee might look at when they are studying our current tax system. Committee members were asked to decide whether the questions were relevant as written, needed any changes, or whether any other questions should be added. The remaining tax principles were discussed, and Lorrie will incorporate the Committee members' comments into the tax principles document.

Work Plan Edits

Will Rice stated that the work plan had been changed. Findings will be presented as they are ready beginning with elasticity, stability and adequacy in February. The Competitiveness Council Directions were integrated into the work plan. The work plan will continue to be a work in progress and will be subject to change.

Other States

The Committee had requested information on tax reform efforts in other states. The Department of Revenue staff researched tax reform efforts in Connecticut, Florida, Illinois, Michigan, Minnesota, New Hampshire, New Jersey, Oklahoma, and Tennessee. Nicole Stewart of the Department of Revenue presented a summary of the agency's research to the Committee. She discussed common factors that prompted the tax reform efforts and whether the reform efforts were successful.

Wrap Up

Bill Gates, Sr. stated that staff is creating a draft of a table of contents for the Committee's final report which will be available at the February meeting. This will help them envision what the final report will look like, and they can give input on what they want in the report.

Bill Gates asked for Committee members to serve on a subcommittee to list the alternatives that the Committee should consider. Hugh Spitzer, Neil Bruce, Debbie Sanders, John Beck, and Jim McIntire volunteered to be on the subcommittee.

Lisa Brown invited the Committee members to attend one of the Senate Ways and Means hearings on January 23rd or 24th. At those hearings the Committee will specifically discuss the tax structure of the state. A presentation by Bill Gates and Hugh Spitzer would increase the knowledge of the Legislature and the public about what the Tax Structure Study Committee is doing. Jack Cairnes stated that the House committee would like to have the same opportunity to invite the Committee members to their hearings as well.

The next meeting of the Washington State Tax Structure Study Committee will be held on Friday, February 8, 2002, from 10:30 a.m. to 2:30 p.m. at the Phoenix Inn in Olympia.